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**BASE METALS
MINING CORPORATION
LIMITED**

Annual Report

FOR THE
YEAR ENDED
MAY 31
1964

Directors' Report

To the Shareholders:

BASE METALS MINING CORPORATION LIMITED

Your Directors submit herewith the Auditors' Report, Balance Sheet and related statements for the year ended May 31, 1964.

The Cork Province Mine in British Columbia has been leased to The London Pride Silver Mines Limited for a term of ten years. All mine and mill rehabilitation costs are to be borne solely by London Pride Silver Mines. All maintenance and operating costs during the term of the lease are to be borne by London Pride Silver Mines so that all the rental income will be net to the Company. Your Company receives 50 cents per ton milled, with a minimum guarantee of \$10,000.00 each year.

Of considerable interest to your Company is the recent acquisition of a well regarded 12 claim base metal property in Mahaffy Township in the Timmins area of Ontario. This ground lies a few miles north of the major copper-zinc-silver discovery of Texas Gulf Sulphur, which touched off a major staking and exploration rush earlier this year.

On the recommendations of the Engineer who reported on the property, geophysical surveys, both magnetic and electromagnetic, are to be carried out. This work will be followed by diamond drilling if results warrant.

Earlier this year your Company also acquired a group of eleven mining claims, comprising 1100 acres, in the Senneterre area in Quebec. A granite-greenstone contact zone, which is considered to be favorable host rock for mineral deposition, traverses the property. Your Company plans to carry out a magnetic survey on these claims followed by a diamond drilling programme if warranted.

In Western Canada, your Company continues its royalty interest in the Chinchaga and Liard River areas.

To facilitate your Company's broadening exploration programme, a new underwriting-option agreement was negotiated which has resulted in a further \$60,000.00 being placed in the treasury through the sale of Capital Stock. Options have been granted on additional treasury shares which, if exercised, will provide an additional \$150,000.00. As part of the new financing arrangement, shareholders are being asked to approve an increase in the authorized capital from 7,000,000 shares to 9,000,000 shares.

Notice of the Annual and Special General Shareholders Meeting is enclosed, and if you are unable to be present in person, will you kindly complete the form of Proxy and return it to the Secretary, in the envelope enclosed for your convenience.

On behalf of the Board of Directors

EARL BROWN

President

Toronto, July 17, 1964.

BASE METALS MINING CORPORATION LIMITED

(Incorporated under the laws of Canada)

BALANCE SHEET AS AT MAY 31, 1964

ASSETS

CURRENT ASSETS:

Cash	\$ 4,992.98	
Sundry deposit and receivable	475.00	
\$10,000.00 Province of Ontario bonds, 5¼%, at cost (market value \$10,000.00)	10,037.50	\$ 15,505.48

FIXED ASSETS:

Mining claims, at \$17,000.00 valuation attributed to 200,000 shares of capital stock issued therefor plus \$122,055.00 paid in cash	\$139,055.00	
Interest in petroleum and natural gas leases, and royalty interests, at cost	5,758.50	
Mining plant and equipment, at cost	\$391,608.22	
Less — proceeds on disposal	4,198.70	
	<u>\$387,409.52</u>	
Less — accumulated depreciation (Note 1)	219,393.30	168,016.22
Head office equipment, at cost less \$802.47 accumulated depreciation	949.23	313,778.95

DEFERRED EXPENDITURES AND OTHER ASSETS:

Shaft sinking and preproduction expenditures at Cork-Province mine, less amounts written off (Note 1)	\$222,192.45	
Exploration and administrative expenditures, per statement	172,574.21	
Supplies, at estimated realizable value	515.00	
Prepaid insurance	1,363.33	
Investment in subsidiary company, at nominal value	1.00	396,645.99
		<u>\$725,930.42</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	\$ 1,861.32
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SHAREHOLDERS' EQUITY:

CAPITAL STOCK (Note 3)

Authorized:

7,000,000 shares, no par value

Issued and fully paid:

6,525,000 shares (of which 200,000 were issued for mining claims since May 31, 1963)	\$3,768,355.30
Less — capital repayment	466,142.80

	<u>\$3,302,212.50</u>	
DEFICIT, per statement	2,578,143.40	724,069.10
		<u>\$725,930.42</u>

The accompanying notes are an integral part of the financial statements.

Approved on behalf of the Board of Directors:

E. BROWN (Director)
E. F. FURNISS (Director)

BASE METALS MINING CORPORATION LIMITED

DEFERRED EXPLORATION AND ADMINISTRATIVE EXPENDITURES FOR THE YEAR ENDED MAY 31, 1964

MINE EXPLORATION EXPENDITURES:

Balance, May 31, 1963		\$ 76,159.03	
Additions during year:			
Caretakers, insurance, taxes, etc. at Cork-Province Mine	\$ 9,401.11		
Engineers' fees and expenses	1,112.96		
Miscellaneous	46.40	10,560.47	
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		\$86,719.50	
Less — lease rents received (Note 1)		5,000.00	\$ 81,719.50
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OIL EXPLORATION EXPENDITURES:

Balance, May 31, 1963 (no additions during year)	8,818.46
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ADMINISTRATIVE EXPENDITURES:

Balance, May 31, 1963		\$ 71,646.77	
Additions during year:			
Accounting and secretarial	\$ 2,600.00		
Transfer agent's fees and expenses	3,741.29		
Shareholders' information	1,197.57		
Stock exchange fees and expenses	942.50		
Legal, audit and other professional services	1,300.00		
Directors' fees	525.00		
Government fees and taxes	153.27		
Miscellaneous expenses	742.65		
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		\$ 11,202.28	
Less — interest earned	812.80	10,389.48	82,036.25
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TOTAL DEFERRED EXPENDITURES, MAY 31, 1964			<u>\$172,574.21</u>

STATEMENT OF DEFICIT FOR THE YEAR ENDED MAY 31, 1964

BALANCE, MAY 31, 1963	\$2,569,150.70
ADDITIONS DURING YEAR:	
Loss from sale of investments	\$ 7,934.50
Investigation of property prospects	500.00
Travelling and fees re possible clean-up work (Note 2)	483.20
Current expenses paid on behalf of subsidiary company, written off	75.00
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BALANCE, MAY 31, 1964	<u>\$2,578,143.40</u>

BASE METALS MINING CORPORATION LIMITED

NOTES TO FINANCIAL STATEMENTS

MAY 31, 1964

NOTE 1 — The mining plant, which is situated on the Cork-Province mine property has not been in operation since 1953. No provision has been made since the shutdown for depreciation of plant and equipment and for amortization of deferred mine exploration and development expenditures.

By an agreement dated March 9, 1964, the company leased the Cork-Province mineral claims and the mine plant and equipment on the property for a term of ten years renewable for a further ten years. The lease provides for an annual rental of \$10,000.00 or 50¢ per ton of ore milled, whichever is the greater. The company has received \$5,000.00 to cover rents due for the first six months.

NOTE 2 — The company has been requested by the Department of Northern Affairs and Natural Resources to carry out certain additional clean-up work on the claims that were operated by the company in Yoho National Park, British Columbia. This matter, which might involve an expenditure of \$10,000.00, is presently under discussion with the government department, and therefore no provision has been provided for in the accompanying financial statements.

NOTE 3 — By an agreement dated June 26, 1964, an underwriter has agreed to purchase 400,000 shares of the company's capital stock at 15¢ per share payable forthwith after the "effective date", the date of acceptance for filing by the Toronto Stock Exchange of the company's filing statement. In consideration for the purchase of these shares, subject to the issue to the company of supplementary letters patent increasing its capital by creating an additional 2,000,000 shares ranking pari passu with the present shares, the company granted the underwriter an option to purchase all or any part of 600,000 additional shares, as follows:

200,000 shares at 20¢ per share, within 3 months after "effective date"

200,000 shares at 25¢ per share, within 6 months after "effective date"

200,000 shares at 30¢ per share, within 9 months after "effective date".



FISHER, NISKER & COMPANY

CHARTERED ACCOUNTANTS

62 RICHMOND ST. WEST
TORONTO, ONTARIO

AUDITORS' REPORT

To the Shareholders of

BASE METALS MINING CORPORATION LIMITED


We have examined the balance sheet of Base Metals Mining Corporation Limited as at May 31, 1964 and the statements of deferred exploration and administrative expenditures and deficit for the year ended on that date, and we have obtained all the information and explanations we required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

As mentioned in Note 1 to the financial statements, no provision has been made since 1953 for depreciation of the mine plant and equipment; therefore, we are unable to express an opinion on the valuation at which these assets appear in the balance sheet.

Subject to the foregoing qualification, in our opinion the accompanying balance sheet and statements of deferred exploration and administrative expenditures and deficit are properly drawn up so as to exhibit a true and correct view of the state of the company's affairs as at May 31, 1964 and its activities for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year, according to the best of our information, the explanations given to us and as shown by the books of the company.

Toronto, Ontario,
July 2, 1964.

FISHER, NISKER & COMPANY
Chartered Accountants



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